



0000118100

ORIGINAL

Steve Wene, No. 019630
MOYES SELLERS & SIMS LTD.
1850 N. Central Avenue, Suite 1100
Phoenix, Arizona 85004
(602)-604-2189
swene@lawms.com
Attorneys for Valle Verde Water Company

2010 SEP 13 P 4:42

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL**BEFORE THE ARIZONA CORPORATION COMMISSION****COMMISSIONERS**

KRISTIN K. MAYES, CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission

DOCKETED

SEP 13 2010

DOCKETED BY

APPLICATION OF ESTATE OF
WILLIAM F. RANDALL DBA VALLE
VERDE WATER COMPANY FOR AN
INCREASE IN ITS WATER RATES

Docket No. W-01431A-09-0360
W-01431A-09-0361

**COMMENTS REGARDING
RECOMMENDED OPINION AND
ORDER**

The Estate of William F. Randall, dba Valle Verde Water Company ("Company" or "Valle Verde") hereby files these comments regarding the recommended opinion and order ("Comments") in this matter. Through the process, the Company and Arizona Corporation Commission Staff ("Staff") resolved nearly every issue. At this point, the Company is seeking to address only one issue: Staff's position that property taxes will be 35% less than the tax expense paid during the test year.

1 **ACTUAL TEST YEAR PROPERTY TAX EXPENSE SHOULD BE USED TO DETERMINE THE**
2 **COMPANY'S REVENUE REQUIREMENT NECESSARY TO PAY ITS TAXES.**

3 During the hearing, the Company offered the actual tax invoices demonstrating the
4 test year tax expense was \$14,129.14. Meanwhile, Staff presented an estimate based
5 upon a "modification of the Arizona Department of Revenue method and estimates the
6 Company's taxes will drop by \$5,021. See Staff's Responsive Brief and Notice of
7 Filing Final Schedules at p. 4, ln. 10-12 (emphasis added). Put another way, Staff is
8 estimating that the Company's taxes will fall in excess of 35% even though its revenues
9 will double. To explain this obvious discrepancy, at the hearing Staff suggested that
10 Santa Cruz County is overtaxing the Company. See Response at p. 4, ln. 18-21. No
11 corroborating evidence to support Staff's speculation exists. Therefore, the Commission
12 should use actual test year tax expense rather than Staff's estimate to calculate the
13 revenue requirement.
14

15
16 If the Company's position is adopted by the Commission, the changes to the
17 recommendation are relatively straightforward by simply adding the \$5,021 where
18 appropriate and making conforming changes. The Company proposes the following
19 changes (deletions shown by ~~strike through~~; additions shown by underscore):
20
21

- 22 • Strike ¶ 23 as written and substitute the following provision, "We agree with the
23 Company's position and adopt the Company's methodology using actual tax
24 expense paid during the test year as the projected property tax expense going
25 forward."
26
27
28

- 1 • In ¶ 24, revise as follows: "Based on the foregoing, we adopt Staff's
2 ~~recommended~~ a revenue requirement of ~~\$561,730~~ \$566,751, which, after adjusted
3
4 operating expenses of ~~\$503,043~~ \$508,064, results in operating income of
5 \$56,687."
- 6 • In ¶ 30, revise as follows: "Based upon our adoption of Staff's revenue
7
8 requirement as modified by the property tax adjustment, we will adopt Staff's
9 ~~proposed~~ modified rate design, adding \$.57 to each Monthly Usage Charge
10 recommended by Staff."
- 11 • In the first ¶ of the Order section starting on page 19, add \$.57 to each Monthly
12
13 Usage Charge amount.

14 Finally, the Company requests that the Commission instruct Staff to make all conforming
15
16 changes consistent with these comments.

17 RESPECTFULLY SUBMITTED this 13th day of September, 2010.

18 **Moyes Sellers & Sims Ltd.**

19
20 

21 Steve Wene
22 Attorneys for Valle Verde Water Company

23 Original and 15 copies of the foregoing
24 filed this 13th day of September, 2010, with:

25 Docket Control
26 Arizona Corporation Commission
27 1200 West Washington
28 Phoenix, Arizona 85007

